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Uganda

Coffee Annual

Uganda Coffee Annual Report

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Report Highlights:
Europe will likely remain the most important importer of Ugandan Robusta and Arabica coffees. The most recent export data indicate that Europe imports about 80 percent of the Robusta and 90 percent of Ugandan Arabica production. Neighboring South Sudan will likely remain the only other major market for Uganda's Robusta coffee, importing almost all of the remaining 20 percent of Ugandan Robusta exports.

Executive Summary:

Ugandan Arabica coffee farmers around the foot hills of Mt. Elgon, produce with similar soils, climates and daylight hours as the Kenyan Arabica coffee producers, whereas Ugandan Robusta coffee farmers produce at lower elevations around Lake Victoria. Europeans appreciate these production credentials, importing about 80 percent of all Ugandan coffee.

The recent record-high Robusta bean prices have permitted Ugandan producers to buy additional inputs, subsequently improving production and export prospects for Marketing Year (MY) 2012 and 2013. MY 2013 Robusta production will likely approach three million 60 kilogram bags. Even though fertilizer and other input prices in Uganda remain historically high, Ugandan Robusta profit potential has encouraged growers to take the risk associated with additional inputs. The Robusta prices peaked at record levels at about the same time Arabica bean values peaked but at a much lower 45 percent of Arabica values (please see price charts in the body of this report).

Coffee exports play a major role in Uganda's economy, contributing up to about 30 percent of Uganda's foreign exchange earnings and employing directly and indirectly more than 3.5 million Ugandans. Small-scale producers with less than three hectares of land produce about 90 percent of Uganda's coffee. The Government of Uganda (GOU) opened the sector to privatization in 1991 and the goals within the industry to modernize and replace old and diseased trees remain the same.

This report reflects the analysis and opinions of the FAS/Nairobi Office of Agricultural Affairs and does not necessarily represent the views or opinions of the U.S. Department of Agriculture in Washington, D.C.

Production:

Uganda Coffee--FAS/Nairobi	2009	2010	2011*	2012*	2013*
Beginning Stocks (1000 60 KG BAGS)	561	641	701	613	593
Arabica Production (1000 60 KG BAGS)	650	818	644	630	650
Robusta Production (1000 60 KG BAGS)	2,610	2,052	2,568	2,700	2,800
Total Production (1000 60 KG BAGS)	3,260	2,870	3,212	3,330	3,450
Total Supply (1000 60 KG BAGS)	3,821	3,511	3,913	3,943	4,043
Bean Exports (1000 60 KG BAGS)	3,050	2,670	3,150	3,200	3,400
Total Exports (1000 60 KG BAGS)	3,050	2,670	3,150	3,200	3,400
Rst,Ground Dom. Consum (1000 60 KG BAGS)	130	140	150	150	150
Domestic Use (1000 60 KG BAGS)	130	140	150	150	150
Ending Stocks (1000 60 KG BAGS)	641	701	613	593	493
Total Distribution (1000 60 KG BAGS)	3,821	3,511	3,913	3,943	4,043

Uganda Coffee Development Authority (UCDA) estimates—*FAS/Nairobi estimates and forecasts

From the Uganda Coffee Development Authority Website, please note the harvest periods for Robusta and Arabica coffees.

Ugandan Coffee Harvest Periods

REGIONS	Oct.	Nov.	Dec.	Jan	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
CENTRAL		MAIN CROP (Robusta)						FLY CROP (Robusta)				
MASAKA	FLY CROP (Robusta)							MAIN CROP (Robusta)				
EASTERN		MAIN CROP (Robusta)						FLY CROP (Robusta)				
BUGISU/SEBEI		MAIN CROP (Arabica)						FLY CROP (Arabica)				
WESTERN	FLY CROP (Robusta)						MAIN CROP (Robusta)					
	FLY CROP (Arabica)						MAIN CROP (Arabica)					
WEST NILE	MAIN CROP (Arabica)						FLY CROP (Arabica)					

Source: http://www.ugandacoffee.org/index.php?page&a=16

Ugandans claim that Robusta coffee originated in the Victoria Lake region and that the Arabia coffee was first introduced to Uganda from neighboring Ethiopia. The Robusta coffee trees thrive below 1,500 meters, while Arabica bushes produce on the foothills of Mt. Elgon, above 1,500 meters in elevation. Reportedly, Ugandan Robusta producers are holding out hope for a new Arabica variety developed in Papua New Guinea called “Tuzza” that thrives at the lower elevations commonly populated by Robusta trees. They see greater profit potential from this higher yielding and higher value (when compared to Robusta) coffee.

Consumption:

Ugandans, like their east African neighbors, prefer tea and other beverages to coffee. As a result, Ugandan producers depend on the volatile export market for their livelihoods.

Trade:

As previously noted, Ugandans export their domestic coffee production, mostly to Europe. They are at a further farm-gate price disadvantage to many Kenyan producers, because they also bear the brunt of higher freight costs to position Ugandan coffee at the Port of Mombasa, Kenya, the most-commonly used port of export.

Uganda MY 2011 Coffee Exports

Destination	Robusta Exports	Export	Arabica Exports	Export	Robusta + Arabica Exports	
60 Kg bags	Bags	**Share**	Bags	**Share**	Total Bags	**Share**
Total	2,484,013	**100%**	665,410	**100%**	3,149,423	**100%**
Europe*	1,894,794	76.28%	591,122	88.84%	2,485,916	78.93%
Sudan	453,902	18.27%	6,130	0.92%	460,032	14.61%
U.S.A.	49,314	1.99%	45,854	6.89%	95,168	3.02%
Russia	18,896	0.76%	7,384	1.11%	26,280	0.83%
Israel	22,764	0.92%	977	0.15%	23,741	0.75%
Egypt	9,576	0.39%	900	0.14%	10,476	0.33%
Australia	3,085	0.12%	6,285	0.94%	9,370	0.30%
Algeria	9,352	0.38%	0	0.00%	9,352	0.30%
Kenya	6,971	0.28%	1,590	0.24%	8,561	0.27%
Morocco	5,660	0.23%	2,240	0.34%	7,900	0.25%
Japan	4,897	0.20%	1,040	0.16%	5,937	0.19%
Canada	4,162	0.17%	1,220	0.18%	5,382	0.17%
Singapore		0.00%	668	0.10%	668	0.02%
Hong-Kong	640	0.03%	0	0.00%	640	0.02%

*EU Member States+ Switzerland

Policy:

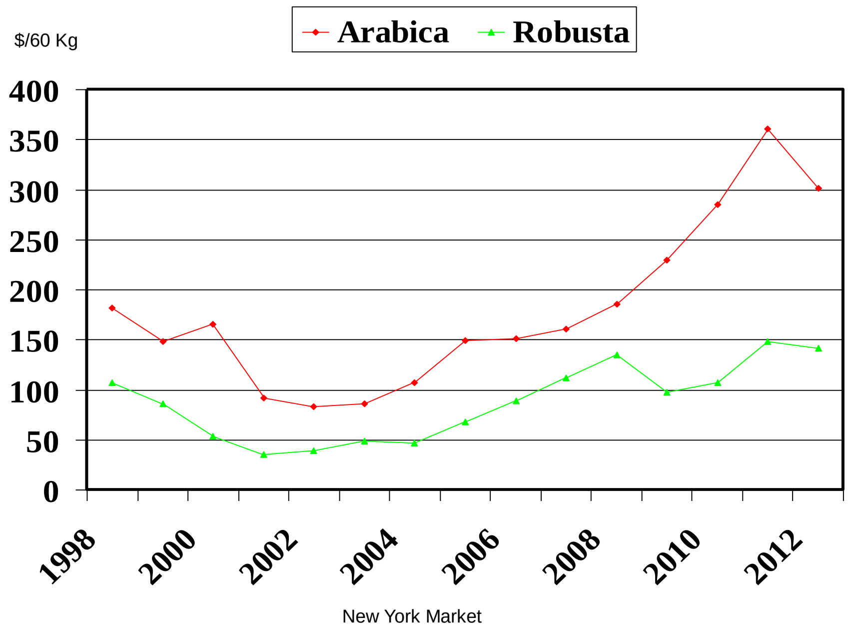
The UCDA reports that coffee policy hasn't change over the last 20 years. From their Website:

"The recent Government strategy has mainly been coffee replanting in Coffee Wilt Disease, (CWD) affected areas, replacement of the aged unproductive trees and supporting introduction of commercial coffee production in new areas of Northern, North Eastern Uganda and the districts of Kisoro and Kabale. Enhancement of coffee productivity at farm level is also being done in order to ensure improvement in coffee farmers' household income. The Coffee Production campaign 2006-2015 spearheaded by UCDA and Café Africa is also geared at replacing the acreage lost due to diseases including CWD. In this respect, two stakeholders' meetings were held in June and September 2006 to address the declining coffee volumes. Four thematic areas being addressed in the campaign are: Research; Extension; Inputs and Credit and Farmer Organizations."

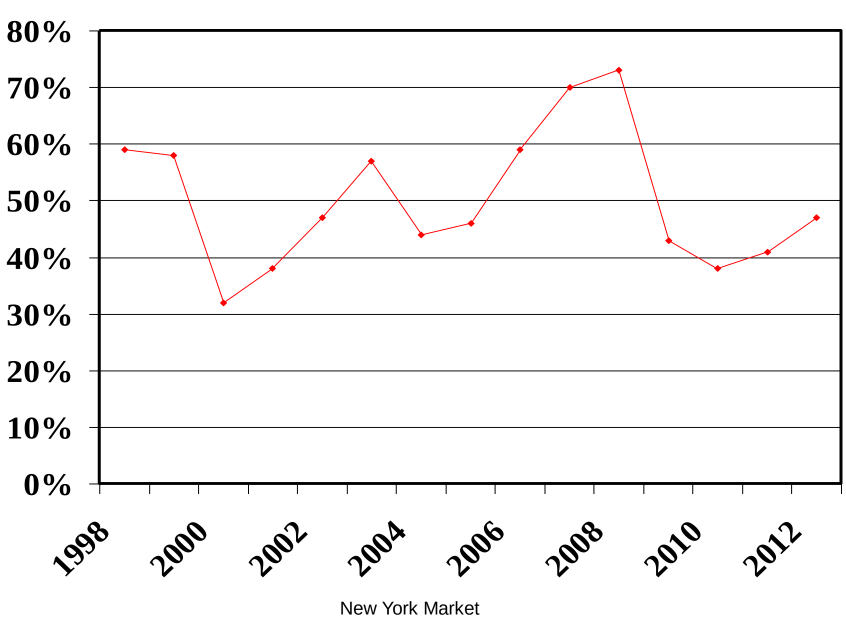
Prices

Please note the abovementioned prices in the charts here below:

Arabica vs. Robusta Coffee Prices



Robusta Coffee Prices as a percent of Arabica Coffee Prices



Arabica vs. Robusta Coffee Prices in Ugandan Shillings (Ugx)